

State of California
BOARD OF EQUALIZATION
SALES AND USE TAX REGULATIONS

Regulation 1643. DEBIT CARD CHARGES.

Reference: Sections 6011 and 6012, Revenue and Taxation Code.

Generally, tax does not apply to automated teller machine (A.T.M.) charges when an access device (commonly known as a debit card or credit card) is used to make a cash withdrawal from, or to engage in any other transaction that is not subject to tax at an A.T.M. The transaction is not regarded as a sale of tangible personal property but is a nontaxable financial transaction.

Debit cards may also be used by consumers to pay for a retail purchase of tangible personal property. Gross receipts from the retail sale of tangible personal property do not include debit card charges which the retailer may collect from the customer when all of the following apply:

- (1) the debit card charges are separately stated,
- (2) the consumer would not incur the charge if he or she did not use the debit card,
- (3) the fee is not calculated as a percentage of the amount of the purchase, and
- (4) the charge is reasonably related to the cost of the transaction to the retailer.

Under these circumstances, the charge is regarded as a cash access fee and is not subject to tax.

History: Adopted May 15, 1996, effective September 22, 1996.

Regulations are issued by the State Board of Equalization to implement, interpret or make specific provisions of the California Sales and Use Tax Law and to aid in the administration and enforcement of that law. If you are in doubt about how the Sales and Use Tax Law applies to your specific activity or transaction, you should write the nearest State Board of Equalization office. Requests for advice regarding a specific activity or transaction should be in writing and should fully describe the facts and circumstances of the activity or transaction.